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CENTER FOR REAL ESTATE AND URBAN ECONOMICS
Institute of Urban and Regional Development
UNIVERSITY OF CALIFORNIA
BERKELEY 4, CALIFORNIA

TRANSCRIPT OF HEARING

On the Subject of

CENTRAL CITY PROBLEMS

San Francisco, California
October 22, 1963



Meeting of the
ASSEMBLY INTERIM COMMITTEE

ON

MUNICIPAL AND COUNTY GOVERNMENT

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Members of Committee

John T. Knox - Chairman

John P. Quimby - Vice Chairman
Don A. Allen, Sr.
Alfred E. Alquist
Anthony C. Beilenson
Carl A. Britschgi
Clair W. Burgener
Houston I Flournoy

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Philip L. Soto
John G. Veneman, Jr.
Charles Warren
George N. Zenovich

Thomas H. Willoughby, Committee Consultant
Mrs. Lyn McCarthy, Committee Secretary

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ASSEMBLY INTERIM COMMITTEE
ON
MUNICIPAL AND COUNTY GOVERNMENT

Fairmount Hotel - California Room

October 22, 1963

San Francisco

CHAIRMAN KNOX: This is a regularly scheduled meeting of the Assembly Interim Committee on Municipal and County Government. The subject of our hearing today is "Problems of Central Core Cities". Probably everyone in this audience is well aware of the problem we are talking about. It has to do principally with the great population expansion in the state and the problems that are created by the move to the suburbs. Increasing population pressures on central core cities have resulted in serious situations in all aspects of municipal administration, from taxation to commute traffic to highways.

Before we begin I would like to introduce the members of the committee who are present now. There are additional members here who will come in later on. On my right is Assemblyman Charles Warren of Los Angeles and next to him is Assemblyman Al Alquist of San Jose. Next to him Assemblyman Anthony Beilenson of Beverly Hills. My name is John Knox, I am from Richmond; and on my left is Tom Willoughby who is the Consultant to the committee and Ruth Clark the secretary. To her left is Assemblyman Hugh Flournoy from Claremont, and next to him Assemblyman Jack Veneman of Modesto.

Senator Gene Nisbet from Upland is also here in the audience. Senator Nisbet, would you like to sit with the committee? We would be delighted to have you.

ASSEMBLY INTERIM COMMITTEE
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are talking about. It has to do principally with the great popula-

tion expansion in the state and the problems that are created by the

move to the suburbs. Increasing population pressures on central core

cities have resulted in serious situations in many aspects of municipal

administration, from traffic congestion to highways.

There are a number of ways in which we can deal with this problem.

The committee who are present now. There are additional members here

who will come in later on. On my right is Assemblyman Charles Warren

of Los Angeles and next to him is Assemblyman Al Aguilar of San Jose.

Next to him Assemblyman Anthony Beltrami of Beverly Hills. My name

is John Knox. I am from Richmond; and on my left is Don Wilcox.

who is the lieutenant to the committee and Ruth Clark the secretary.

On my left is Assemblyman Hugh Romney from Glendale, and next to

him Assemblyman Jack Vanden of Modesto.

Senator Gene Nisbet from Ukiah is also here in the audience.

Senator Nisbet, would you like to sit with the committee? We would be

delighted to have you.

SENATOR NISBET: No, thank you, I'm quite comfortable here.

CHAIRMAN KNOX: Senator Nisbet is a member of the Senate Local Government Committee.

Our first witness will be the Honorable Donald G. Mauldin, Mayor of San Bernardino.

MAYOR MAULDIN: The City of San Bernardino is very fortunate in the fact that it has been able to stave off any extensive outside development of shopping centers. We have these small neighborhood shopping centers - markets and a few minor stores - but we have still been able to maintain the downtown area in a healthy condition.

At the present time we have \$437,390. grant from the Federal Government for an urban renewal study of 120 acres of our downtown area. We are planning on around a \$27 million dollar redevelopment program in the center of the city. The City of San Bernardino is well known as being a retail center and our basic industry is retail sales. Therefore we are hoping to improve the downtown section and also to improve retail sales in that area.

We would like to see more of the state money put into freeways to assist us in our downtown area. We are building to one existing freeway and we have applied for a study for the east end of the downtown business district. We are hoping...

ASSEMBLYMAN QUIMBY: (Arriving at hearing and seating himself). Morning Bud...

MAYOR MAULDIN: This is the fellow who got me into all this trouble - when he was on the Council.

So John Quimby knows we are in desperate need of additional state highway funds to develop another north-south street in the eastern part of our city. This will continue to bring the people from the high desert, from the mountains, and from the other areas directly into the downtown section. If we do not have the additional roads then we will find shopping centers beginning to develop in the outlying areas. We have people coming in from as far north as Reno, Nevada to shop, and from the Las Vegas area, Arizona and the Imperial Valley. We would like to make it easier for them to get into the downtown area. And so if you can find any way to come up with additional funds to develop more freeways in our downtown section, it would be of a great help to us and would be a means of preserving our downtown area.

CHAIRMAN KNOX: Mr. Mayor, have you given additional consideration to rapid transit in that area?

MAYOR MAULDIN: There is very little need at this time, Mr. Chairman, because we are pretty well spread out and there is still a great deal of parking area in the downtown section. In addition, there is no general area which most people come from. They come from all different directions.

CHAIRMAN KNOX: Do you have projections on what the population growth is going to be like? Do you think that the automobile is going to be the best method of transportation into the central city from now on, or do you anticipate more crowding?

MAYOR MAULDIN: Well, the city has purchased the private

bus company in the City of San Bernardino and has made it a very fine profit-making company at the present time. I don't know how long it can continue that way. The bus lines do branch out into our neighboring communities, and we believe we can up-date this system and keep it adequate for years to come.

CHAIRMAN KNOX: You don't see the need for any rail facilities? In the next 20 years or something...

MAYOR MAULDIN: Into the Los Angeles area, yes. And down toward Long Beach, and maybe towards San Diego.

CHAIRMAN KNOX: Any questions from other members of the committee? Assemblyman Warren.

ASSEMBLYMAN WARREN: Mayor Mauldin, what steps if any has the city and county taken to take advantage of the 1¢ per gallon gas tax, which was authorized by the last session of the Legislature?

MAYOR MAULDIN: The city has already adopted its resolution in order to take advantage of the Collier bill. We feel it is very necessary because we have great street deficiency in the City of San Bernardino. As a result of the new gas tax we are projecting some new streets around the new California State College in San Bernardino. Some of these funds will be used to develop the street system in and around the college.

ASSEMBLYMAN WARREN: Will there be any revenue source which will be available to help correct this north-south vehicular transportation problem you have in the eastern part of the city? Where you said you needed freeways?

MAYOR MAULDIN: There could be. However, we have a greater need to develop streets within the downtown area to make sure they are up to the standard. We are a Mormon community with 600 foot blocks but we have 40 foot and 54 foot six inch streets in some areas. We are developing most of them in the downtown area into the 66 foot standard width now thanks to Mr. Quimby. He made sure the last street was developed before he got off the Council.

CHAIRMAN KNOX: (Laughing) Did he name it after himself or anything...

ASSEMBLYMAN QUIMBY: Not yet.

CHAIRMAN KNOX: Any further questions? Thank you very much Mr. Mayor. We appreciate your coming.

As long as he has been prominently mentioned, I would like to introduce the vice chairman of this committee, the Honorable John Quimby of San Bernardino. In addition we have been joined on my far right, by Assemblyman Philip Soto from Los Angeles.

ASSEMBLYMAN QUIMBY: Bud and I are old personal friends. In fact, he and I decided on the same day to pursue a life of elected public officialdom. He was a police detective and I was a police reporter at that time. He is doing a lot better than I, he makes \$600 a month now.

CHAIRMAN KNOX: Our next witness this afternoon will be the Honorable James B. McKinney, Mayor of the City of Sacramento.

MAYOR MCKINNEY: Chairman Knox and members of the Committee, I do have a prepared statement which I will just read portions of

and with your permission I would like to submit copies of this statement for the record at a later time.

CHAIRMAN KNOX: We would appreciate that.

MAYOR McKINNEY: At the American Municipal Congress in Houston last August Mr. Wayne Thompson, City Manager of Oakland, delivered a paper concerning city government which was entitled "We are on a Collision Course with Bankruptcy". It would be my observation that those of us who are doing some share in the navigation of central city government have been unable to discover means of changing this course.

The central city is, of course, the oldest urban portion of the metropolitan area. This means that the oldest housing and consequently the least desirable and least expensive housing will be centered in portions of the central city. The ultimate deterioration is illustrated by the "skid-row", but equally serious are the semi-blighted areas of dense population housed in old sub-standard buildings. Even a redevelopment project does not provide a complete solution because the relocation of these people does not prevent the normal gravitation of these low income persons to other areas of low rents and lower standards. The low standard and semi-blighted areas provide low return from ad valorem taxes. They provide low return from other sources such as sales taxes. Yet these population densities require far greater than normal governmental services. Aside from public welfare assistance, the costs of which are not a direct city responsibility, almost every normal municipal service must be

strengthened for these people. Yet these problem areas contribute far less than their per capita share of taxes. Satellite communities and urban areas surrounding the central city make no contribution to the solution of this problem even though it is metropolitan in character. Central cities find this unwanted child left on their doorstep.

Employment densities in central cities bring problems of a different type. Even though there may be industrial concentrations in specific locations away from the central city, it is still safe to say that employment densities in portions of the central city can intensify problems of vehicular movement and parking. Every city is perhaps different, but in Sacramento these problems are particularly associated with state employment. We, in Sacramento, recognize that the economic health of our community stems in no small measure from this tremendous payroll. Nonetheless, our obligations to provide needed streets and parking have not been easily met because there is no tax base commensurate with the financial problems involved. Sacramento city has public transit subsidized by ad valorem taxes. It is used most heavily by low income people. It serves areas outside the city limits, and the demands for extension for outside-city routes and schedules is increasing. Using taxes collected only within the central city how far can the subsidy be extended?

There are many central city services which are enjoyed gratis by the whole metropolitan area. Recreational and cultural activities are certainly in this category.

I will not take further time to cite further examples. But these matters that I have mentioned all point to the fact that central cities and metropolitan areas seem to inherit very basic problems - growing problems very costly to serve; yet central cities face shrinking tax base and every bit of help that this committee can give will be greatly appreciated.

ASSEMBLYMAN QUIMBY: Mr. Chairman.

CHAIRMAN KNOX: Mr. Quimby.

ASSEMBLYMAN QUIMBY: Mayor McKinney I have a few questions that I would like to ask you. Those of us in the Legislature live about half of our lives in your wonderful city and we grow to have almost a feeling of civic pride about your city. There is one thing that has always intrigued me - this may be a little bit afield. When you instituted your very effective grid one-way street system did you experience the same kind of civil war we just went through in San Bernardino? What effect did that have in your city?

MAYOR MCKINNEY: I wasn't on the council at the time the grid program was instituted, but I understand that the merchants fought it very vigorously. They felt that the ones who were on the wrong streets and the wrong sides of the streets would lose money and go bankrupt etc.

ASSEMBLYMAN QUIMBY: Well, I would like to compliment you, I think that the numbers and letters and grid one-way is one of the finest in the state.

Another question just for my own interest. Do you find

any unique problems being the mayor of the city that is also the seat of state government? Have you lived there all your life?

MAYOR McKINNEY: Yes, virtually all my life. The main contribution of course as I have stated is that the state government provides the sound economic basis which alleviates the ups and downs perhaps that other communities experience. But at the same time of course the state properties are exempted from ad valorem taxes and we must provide services for the buildings and for the people, and we do not receive a commensurate amount of taxes for these services.

ASSEMBLYMAN QUIMBY: Have you considered taking advantage of my "Bed-Tax Bill"? I'd like for you to particularly make the El Mirador if you don't mind. Charged me \$12.00 a day...

MAYOR McKINNEY: We are going to join the county in - what did you call it?

ASSEMBLYMAN QUIMBY: Bed-Tax. I didn't name it.

CHAIRMAN KNOX: The California State Police, are they of any assistance, or is their work just around the Capitol building itself?

MAYOR McKINNEY: No, they are just around the Capitol.

CHAIRMAN KNOX: Does the city of Sacramento own the bus company? Or is it a separate district?

MAYOR McKINNEY: No, it's a city-owned facility.

CHAIRMAN KNOX: Have you considered making a district out of it, as for example, in Alameda-Contra Costa, so that you could take advantage of ad valorem taxes over a broader area than just the incorporated city limits?

MAYOR McKINNEY: To my knowledge we have not, no. We have been very fortunate in our operation - it's been in the black most of the time but in the last year we did have to subsidize it slightly.

CHAIRMAN KNOX: But it just operates within the incorporated city of Sacramento?

MAYOR McKINNEY: Right.

ASSEMBLYMAN QUIMBY: Seven days a week?

MAYOR McKINNEY: Seven days a week.

CHAIRMAN KNOX: You pulled up all the street car tracks as most places did I guess.

MAYOR McKINNEY: Yes.

CHAIRMAN KNOX: Any other questions from members of the committee?

MAYOR McKINNEY: Thank you Chairman Knox.

CHAIRMAN KNOX: Thank you for coming Mayor, we appreciate it.

The next witness is the Honorable A. Allen Hall, Mayor of the City of Santa Ana, Orange County.

MAYOR HALL: Gentlemen of the Committee, I would like to express on behalf of Santa Ana our thanks for the gas tax legislation of the last general session. This will help us tremendously, and we are going through the processes of getting the money as quickly as we can. The hotel tax and also the assistance you gave on the sovereign immunity will also help us greatly.

ASSEMBLYMAN QUIMBY: Did you take advantage of the hotel tax?

MAYOR HALL: Not yet.

ASSEMBLYMAN QUIMBY: Are you going to?

MAYOR HALL: We hope to.

ASSEMBLYMAN QUIMBY: Incidentally, would you all promise not to tell the manager of the hotel that I'm the author of the bed tax bill? I'm considering buying a camper...

MAYOR HALL: Santa Ana, as you are well aware, was separated from Los Angeles metropolitan statistical area on October 16. Thus Santa Ana is the center city of this relatively new metropolitan area and we are not sure what the problems might be in the future.

We are working at the present time on a master plan for one-way streets. We only have two and they have created some problem. We haven't had too much success with one-way streets.

We have a civic center complex and we have asked that if a state building is built in Orange County that it be built within this 18 square block complex.

One other occurrence from which the city of Santa Ana has suffered is the removal of the telephone franchise tax. Being a chartered city, it was some financial burden when we found that we couldn't collect the \$80,000 a year which we were previously receiving.

CHAIRMAN KNOX: Mr. Mayor, in a number of the central cities we've noticed a sort of "blight" in the older part of the city - the older homes and older business buildings. The population begins moving out into the suburbs and setting up shopping centers and taking

the business away from the downtown area. The downtown or central residential area also becomes blighted; it gets run-down and becomes cheap rental property. Have you had any experience along that line in your area?

MAYOR HALL: Eight of the 18 square blocks that comprise the civic center was just such an area.

CHAIRMAN KNOX: Have you condemned all that property and gotten it into the complex now?

MAYOR HALL: We have purchased it.

CHAIRMAN KNOX: Purchased it.

MAYOR HALL: Yes.

CHAIRMAN KNOX: I meant you have acquired it. Yes, Mr. Veneman.

ASSEMBLYMAN VENEMAN: Was this purchased strictly from city funds or did you have a renewal agency using...

MAYOR HALL: Mainly from city funds, although some other funds were involved.

ASSEMBLYMAN VENEMAN: The master plan that you referred to - is this an over-all general plan for the city of Santa Ana or is it coordinated with an Orange County plan?

MAYOR HALL: No, this is a separate plan expressly for Santa Ana.

ASSEMBLYMAN VENEMAN: Is this being done strictly with your city staff or are you taking advantage of FHA housing financing?

MAYOR HALL: No. We are doing it with local funds.

ASSEMBLYMAN VENEMAN: Are they taking into consideration the traffic patterns that will ultimately be developed by the surrounding areas?

MAYOR HALL: Yes. We have had some plans by the county and we are developing our city master plan to conform with these.

Insofar as our downtown area is concerned, our downtown merchants are not waiting until shopping centers and the competition have developed in the outlying areas before they begin to take some concerted action. In conjunction with our master plan they are financially contributing for a specific study of the downtown area. We felt that if they had a financial interest in development plans they would be more anxious to follow through with what might be suggested as a downtown development.

ASSEMBLYMAN VENEMAN: I have one other question. Mayor, how did you finance the acquisition of this particular property in this downtown area? Was it through a bond company.?

MAYOR HALL: General funds.

ASSEMBLYMAN VENEMAN: Through the general funds.?

MAYOR HALL: General funds - this has been a process that has been going on for oh, some 9 years - 9 or 10 years. Out of the general funds.

ASSEMBLYMAN VENEMAN: Rather than any bond issues?

MAYOR HALL: No bond issues.

CHAIRMAN KNOX: Could you tell us in round figures what you paid for all that property?

MAYOR HALL: Well, it is varied of course because each time the price...

CHAIRMAN KNOX: No, I mean the total amount of money that is invested in the thing.

MAYOR HALL: I wouldn't want to venture a guess.

CHAIRMAN KNOX: I understand.

ASSEMBLYMAN VENEMAN: Mr. Chairman, may I ask one other question?

CHAIRMAN KNOX: Yes.

ASSEMBLYMAN VENEMAN: Did you use the power of condemnation in acquiring this property, or did you negotiate each sale?

MAYOR HALL: Most sales were negotiated but some were acquired through condemnation.

ASSEMBLYMAN VENEMAN: You had an extreme amount of cooperation from the property owners.

MAYOR HALL: Yes. We paid some pretty high prices too.

CHAIRMAN KNOX: Any further questions gentlemen? Mr. Warren.

ASSEMBLYMAN WARREN: Mayor Hall, Orange County is rather interesting to me inasmuch as I consider it and San Jose Counties to be two areas of great future growth. Does your master plan and the master plan of the county cover any of the typical land use problems such as the strip zoning problems?

MAYOR HALL: I think with the new Local Agency Formation Commission will eliminate any of that.

ASSEMBLYMAN WARREN: You think that the agency will overcome most of these objections?

MAYOR HALL: I think so. I think that most of us feel that strip annexations are not necessarily very practical.

CHAIRMAN KNOX: You had an island problem didn't you? Wasn't there a long strip running out to somebody's development?

MAYOR HALL: Out to Irvine - right.

CHAIRMAN KNOX: Has that been worked out now with the new development at Irvine?

MAYOR HALL: This has been worked out with the Irvine people. They were able to get their development through the county so they were happy. And so are we - except we have a few legal fees.

CHAIRMAN KNOX: Is there any assistance that the State Legislature can provide that we ought to be considering?

MAYOR HALL: I think, gentlemen, you are already aware of our problems and have taken steps to assist us. Of course we do have a certain amount of smog coming into Santa Ana and naturally we hope something can be resolved in that area.

CHAIRMAN KNOX: Are you part of the air pollution control district?

MAYOR HALL: Yes. Everyone is working on that.

In regard to our freeways, we are very fortunate in having them either built or under construction. We are completely surrounded by them - a fact which still makes Santa Ana very accessible.

ASSEMBLYMAN VENEMAN: Mr. Chairman, I have one question.

CHAIRMAN KNOX: Yes, Mr. Veneman.

ASSEMBLYMAN VENEMAN: Mayor, this core area that you purchased - 18 blocks - do you contemplate using all of that area for

governmental buildings, or is it the intention of the city council to dispose of some of that property for private use again in the future?

MAYOR HALL: It is our hope that if the federal government comes in we will have sufficient land and parking too for a federal building. In the event that a state building would be built, we want to have adequate land available also. We haven't disposed of any of the land yet. If the state and federal governments don't use it we may be able to coordinate the parking area for a new stadium and for the downtown area.

ASSEMBLYMAN VENEMAN: Your program then was intended to meet municipal and governmental needs rather than the need for a renewal of the business district.

MAYOR HALL: We hope to tie it all together; we have had some very fine new buildings go up around the civic center complex.

CHAIRMAN KNOX: Thank you very much Mr. Mayor we appreciate your appearance very much.

MAYOR HALL: Thank you gentlemen.

CHAIRMAN KNOX: The Honorable Elmer R. Boss, Mayor of the City of Stockton.

MAYOR BOSS: Here are some copies of my report for the committee.

CHAIRMAN KNOX: Thank you very much.

MAYOR BOSS: Mr. Chairman, members of the committee, I am very happy to be here. I have four points - I shall comment very

briefly on each one.

The #1 problem that we have is research on our sewage disposal system. We in Stockton have a sewage system that will take care of our city for seven months out of the year. The effluent from that system is cleaner than the water in the San Joaquin River. The other five months of the year we need a plant capable of handling effluent from a city of 900,000. That is a terrific burden on the taxpayers. The problem is that San Joaquin County is one of the fifth most productive counties in the State of California and we have five canneries within the city limits that process those agricultural products. In order to do so we must handle a tremendous amount of sewage effluent.

We feel that the State of California, through your University Extensive Service and the other experimental agencies, is spending huge sums of money to increase the yield of agricultural crops. This is wonderful, but you are doing nothing to help the city solve the problem of getting rid of the residue of those crops when it comes time to process them for consumption. I'm referring to the residue when they come out of the canneries. It creates a terrific problem. But we feel that a little research on the part of the state, through their agricultural service perhaps, could help us solve that problem. Just now we are finishing a \$1,500,000 plant in the north part of the city, and we are just letting a contract for almost \$2 million dollars to increase our capacity from 34 million to 51 million gallons a day so that the Water Pollution Control Board will not issue

a cease and desist order against our city and against the processing of our agricultural products.

ASSEMBLYMAN QUIMBY: Mr. Mayor, what do you do with the effluent out of the plant? How do you handle it?

MAYOR BOSS: It goes into the San Joaquin River.

ASSEMBLYMAN QUIMBY: Did you ever consider percolation or anything like that?

MAYOR BOSS: Yes. But you must realize that right in the center of our city we have a barrier - a salt water barrier. We have absolutely no percolation in the city at all of any type. And we are having a water problem because if our primary water supply gets below a certain depth - and our water level has been decreasing year after year - this barrier is going to let go and we are going to have salt water in the city wells.

ASSEMBLYMAN QUIMBY: Why don't you percolate them?

MAYOR BOSS: Where are you going to percolate? We have adobe soil and water will not go down into the ground. It is impossible.

ASSEMBLYMAN QUIMBY: Can you force pump?

MAYOR BOSS: Force pump? That would contaminate the water of our wells which we have right under the city of Stockton.

ASSEMBLYMAN QUIMBY: As I said, I don't know your problem. I am a bug on water reclamation - effluent reclamation through percolation and charging...

MAYOR BOSS: I think something should be done on the part of research to help that situation.

Our next problem is the overlapping of city and county taxes. Our county taxes that we pay within the city limits are equal to the general county tax rate, from which the city residents get no benefit whatsoever. The unincorporated areas surrounding the city want services similar to those in the city, and the city residents are paying for them. We are not getting anything out of county tax money, and the county is increasing our assessed valuation. Our taxes are going so high that we practically discourage industry from coming into our city.

ASSEMBLYMAN QUIMBY: Do you have a city health department?

MAYOR BOSS: No, it's a county health department.

CHAIRMAN KNOX: County health department.

MAYOR BOSS: Yes, it's a county health department. The county seems to control those things and we in the city sit by and we have no control over what the county does to increase our taxes.

CHAIRMAN KNOX: Have you had a chance to look at the Local Agency Formation Annexation Commission laws we passed at the last session?

MAYOR BOSS: We just appointed two of our people on this commission and the county is doing the same. I believe that will curtail some of these things that have been happening in the past.

ASSEMBLYMAN FLOURNOY: Are you the county seat?

MAYOR BOSS: Yes, we are.

ASSEMBLYMAN FLOURNOY: What county is that?

MAYOR BOSS: San Joaquin County. Richest agricultural

county in the State of California, incidentally.

This overlapping of city-county taxes makes it a serious, very serious situation.

The next problem we have is the impoverished school districts. We have Stockton Unified School District and we also have certain areas, north of our city, where wealthy businessmen live. These latter areas are not within the city limits nor are they within the Stockton Unified School District, yet the state builds schools for them because they claim they are an impoverished school district. We have no control over those people. They are more able to pay for schools than a city resident who pays at the present time almost \$5 school tax on top of city and county taxes. These outlying areas, who are more able to afford to pay for the education of their children, have a very low tax in regard to that.

CHAIRMAN KNOX: Yes, Mr. Flournoy.

ASSEMBLYMAN FLOURNOY: You say that the state is assisting in the building of school buildings in this area but not in the city of Stockton. Isn't it true that the only reason the state doesn't assist the city of Stockton is that you are not bonded up to capacity on your school district?

MAYOR BOSS: The city of Stockton, sir, has no control whatsoever over the Stockton Unified School District.

ASSEMBLYMAN FLOURNOY: No, I appreciate that. But the reason why the state is not assisting in building of schools for the Stockton Unified School District is that the district is not bonded

to 95% of its capacity, whereas this other district is.

MAYOR BOSS: That may be so, yet part of the Stockton Unified School District is within the city and part of it is without the city. Here again we have these special districts that we as a council have no control over.

ASSEMBLYMAN FLOURNOY: Do you think the city should control the school district and run the school?

MAYOR BOSS: It would help considerably because we certainly should have some controls in what's going on at the present time.

We have another problem which you gentlemen are very well aware of. If the average assessment in the state is higher than the average assessment in San Joaquin County or in our school district, our taxpayers automatically have to pay the difference. We have no control over that, so we have a very serious problem.

ASSEMBLYMAN FLOURNOY: Why shouldn't they?

MAYOR BOSS: Sir?

ASSEMBLYMAN FLOURNOY: Why shouldn't they?

MAYOR BOSS: Well, I'd say if we had a little control over what goes on in the county - which we don't - we could raise the assessment. There again your county assessor has the final say.

ASSEMBLYMAN FLOURNOY: All that the increase in the tax rate indicates is the fact that it's equalizing the rate essentially returned to the school district if there had been a general, comparable level of assessments throughout the whole state. This has rather drastic ramifications for state support for schools. If we

were not to equalize on this basis you'd be getting an unnecessary enrichment, as I might call it, from Los Angeles because you would be under-assessing.

MAYOR BOSS: That is correct. And I agree with you 100 per cent. We have, this problem. The city of Stockton has no control over these various things that I have mentioned because of certain districts and because the county assessor and the county set these tax rates which the city of Stockton has no control over. And we get no services at all from county taxes. Our county taxes are equal to what our city taxes are and we must pay an additional \$5 tax for our school indebtedness. It makes a serious situation in the city of Stockton.

CHAIRMAN KNOX: You can't say you are not getting any services Mr. Mayor, you've already indicated the county health department service. There are a number of others including the sheriff's office and also various other county departments. So you get some services, although I certainly see your point.

MAYOR BOSS: There are very few services. We have a very efficient sheriff's office in San Joaquin County, but as a rule if an incident occurs in the city, the Stockton police department takes care of the problem.

ASSEMBLYMAN FLOURNOY: May I ask one other question?

CHAIRMAN KNOX: Yes, Mr. Flournoy.

ASSEMBLYMAN FLOURNOY: Isn't it true that if you have a \$5 tax rate in the Stockton Unified School District this tax rate results

from the vote of the people in that school district, because it is far above the statutory maximum.

MAYOR BOSS: That is correct, sir.

ASSEMBLYMAN FLOURNOY: And so this rate is set by the people who live within Stockton who are in the school district, and is perhaps more directly responsive, in a sense, than the municipal tax rate?

MAYOR BOSS: That is correct. Most of the people live outside of the city limits in the Stockton Unified School District. They do not pay city taxes but their tax added onto the city and county taxes that city residents have to pay is the thing that is creating a hardship on the city of Stockton.

ASSEMBLYMAN VENEMAN: Let me clarify one point, Mayor. Did you say that the majority of the voters in the Stockton Unified School District live outside the city limits?

MAYOR BOSS: I believe that is correct. Perhaps not the majority but it's very close, because the district takes in an area outside the city limits - a large, heavily-populated area.

ASSEMBLYMAN VENEMAN: As I recall, a few years ago a charge was levied by one of your supervisors that the assessor in your county had two standards of assessment - one for inside the city and one for outside the city. Has this been corrected or is this still existing?

MAYOR BOSS: It has not been corrected, but he is doing a little better job. I asked a League panel in Los Angeles a year ago

what could be done in a case like that, and I got a very fine answer. The answer was - elect a new assessor. (Laughter).

My fourth point is the police problem created by the sale of alcoholic beverages in certain areas of our city. We have always had excellent cooperation from the Alcoholic Beverage Control Board with local review of applicants and request for relocation. The city of Stockton however spends \$100,000 alone on certain areas to control the sale of alcoholic beverages to derelicts. The state gets the revenue from a lot of these things, and again the city taxpayer is stuck. He has to take care of these people. I have been asked many times by taxpayers, "Why can't we talk to the state and see if they cannot help us in regard to this terrific police problem caused by the sale of alcoholic beverages".

CHAIRMAN KNOX: Do you really feel that the problem is created by the sale? Or is the problem created by the people in the area who desire alcohol? Aren't they going to find muscatel someplace? I mean, you stop it one place and I'm sure they'll go someplace else. You can't prohibit it entirely.

MAYOR BOSS: No, you cannot prohibit it entirely.

CHAIRMAN KNOX: And I assume you are not advocating prohibition. (Laughter)

MAYOR BOSS: It is a very serious problem, and we are having a terrific problem. Our chief of police, Jack O'Keefe, is attempting to keep track of the extra cost to the taxpayers and it is \$100,000 a year.

ASSEMBLYMAN QUIMBY: Wouldn't you say Mayor Boss that city and county taxes are so high that they have to drink to try to forget about it? (Laughter)

MAYOR BOSS: Assemblyman Quimby, you've got a thought.

ASSEMBLYMAN VENEMAN: Mayor, isn't it true that in your particular community a great deal of your alcohol problem is in the core area of the old downtown section of Stockton?

MAYOR BOSS: That is right, and the statement that I made reflected on the downtown core area of our community. We are in a process of redevelopment at the present time. We are well on the way - about 20% of the buildings have been purchased. But we have a very serious citizen problem - a negative group of people that don't want to do anything. We are being hamstrung by those people and they are the ones perhaps that are helping create the problem.

ASSEMBLYMAN VENEMAN: Don't you feel that part of this alcohol problem could be alleviated if you took care of this downtown area that has become a haven for these people?

MAYOR BOSS: We are working with the ABC people. When these establishments go out of business, they can be relocated only in certain areas. We are trying to control it. We are afraid that such places are going to spring up in other areas and we would like to look ahead. We have to plan for the future to eliminate that reoccurrence. We're trying to see if we can get assistance from the state to eliminate the reoccurring of an area which you would call "skid-row".

ASSEMBLYMAN VENEMAN: But generally you are saying that this can be handled on a local level, and that you are attempting to do this.

MAYOR BOSS: We are attempting to handle it at the local level and I think maybe a little research on the part of the state through the ABC could help us.

CHAIRMAN KNOX: Thank you, Mayor, we do appreciate your coming. Councilwoman Helen Cobb, representing Mayor Dail of San Diego.

COUNCILWOMAN COBB: Mr. Chairman, we do have prepared statements plus additional information to offer on behalf of the City of San Diego.

CHAIRMAN KNOX: Would you like to read your statement or would you rather just summarize it for us?

COUNCILWOMAN COBB: Most of it I would like to incorporate in this if I may I think it would answer some questions I anticipate you would ask.

CHAIRMAN KNOX: Fine, we will withhold questions until you have completed your statement.

COUNCILWOMAN COBB: Thank you. I wish to express my gratitude on behalf of the City of San Diego for allowing us to appear and and to speak to you. I would also like very warmly to invite you to hold one of your hearings in the City of San Diego so that you may see firsthand some of the things that I am going to talk about.

In 1960 the central business district of San Diego probably

differed very little from the central business district of many other major cities in the United States. We had no new buildings in San Diego for 30 years. Prior to 1960 we had made several attempts to get additional improvements that we needed, through general obligation bonds. These were defeated. As a matter of fact, 16 different proposed projects over a 35 year period had been unsuccessful, and most of these missed by just a small margin.

I will omit the figures that I have here concerning the decline of retail business sales in the area, but in May, 1959 an organization called "San Diegans Inc." was formed. This organization was composed of private citizens with business interests in the downtown community. Through their volunteer contributions and fund raising devices, they acquired money to make surveys and economic studies of the central business district. The first economic study cost about \$32,500 and was completed in the spring of 1960. Members of San Diegans Inc. met almost continuously with city officials to plan such vital facilities as a civic theatre, a convention facility, a parkade and a city legislative and administrative office building. A Centre City Advisory Board was created in September, 1961 to formulate the basic objectives for the proposed community concourse. A model of this concourse is on display in the inner lobby of the Masonic Hall in which the League of Cities has been holding its general assemblies.

Despite the frustrating experiences we had had in the past, the downtown businessmen rebounded and tried it again. The character of the City of San Diego and of the downtown area has changed

drastically, partly because of exploding population, suburban growth and all the other things which have been mentioned to this point. The increase in the number of people also brought an increase in the number of automobiles which only added to the downtown congestion. Thus, the strongest underlying factor to prompt private citizen interest, was the economic factor. The functions of downtown were and are considered to be administrative, financial, cultural and governmental, with high quality diverse retailing still an essential element. The major factor which galvanized citizens into action and which led to success was the initial and continual receptive attitude by local government, which committed itself to action and gave the citizens assurance that action would follow considered planning and that, in turn, citizen support would bolster public action.

Land acquisition began in the spring of 1961. Capital for this, incidentally, came from the City Employees' Retirement Fund, and partly from city funds, of course. When we had figured on the basis of our available capital, we found that if we were to build upon these original estimates, the completed facilities would have been inadequate by the time they were built. This left us facing the fact that we were \$1.5 million dollars short of the amount of funds we needed. Here, I think San Diego is most unique in that our citizens gathered themselves together and contributed \$1,600,000 for this purpose within a matter of six weeks. Contributions ranged all the way from individual donations of \$3, to donations of \$200,000. You can understand why we are very proud of the citizens of San Diego.

Our community concourse will be completed by January, 1965. As a matter of fact, we are looking forward to the League of Cities' Convention in 1966. This project has now become a reality and it has done something else to our downtown area. It has begun a chain reaction which has brought something like a \$100 million dollars in private investments into the downtown area. In my written statement you'll find a list of the buildings that are now completed, the ones under construction and some anticipated buildings.

We found out another thing as a result of this project. Removing this amount of land from private use into public use did not lower the taxes from this particular area as it has seemed to do in some cases. As a matter of fact, we will have increased tax revenues from this downtown area even though we have reduced the amount of taxable land.

The area is taking on a completely new appearance. New construction permits are reaching an all-time high. Street and highway development programs have been accelerated in order to take care of this influx and to provide ways to get in and out of the convention facilities and the downtown facilities in general. San Diegans Inc. and the city have jointly commissioned two additional economic reports, one on the feasibility of providing private walk-to-work housing on the fringes of the central business district and another for predicting the market for service, supply and industrial use of the central city area. These reports will be used, as were the others, as a basis for physical planning for this area.

Our purpose in presenting to you this background on the future and the status of San Diego's downtown development program is to demonstrate that local government is capable of meeting and solving the problems of a declining central business district. We earnestly hope that this committee will keep San Diego's program in mind as it considers what role the state might assume in central city problems. We sincerely hope that while studying this weighty problem, this committee will look into all aspects of state regulated local financing, such as the present general obligation bond vote requirement. Such helpful state participation as might provide for planning and economic study grants might also be explored. In essence, however, the City of San Diego is confident that as in its own case, private citizens and local government working together can produce the desired results.

CHAIRMAN KNOX: Thank you very much. Are there any questions from members of the committee?

ASSEMBLYMAN FLOURNOY: I just wanted to ask one question with regard to the study on the feasibility of providing private walk-to-work housing on the fringes of a central business district. Could you elaborate a little bit? When might this study be completed?

COUNCILWOMAN COBB: As far as I know there is not a completion date. This is just now getting under way.

ASSEMBLYMAN VENEMAN: I have one question.

CHAIRMAN KNOX: Yes, Mr. Veneman.

ASSEMBLYMAN VENEMAN: This fund that was raised with private

capital - this was used for the acquisition of property for municipal purposes?

COUNCILWOMAN COBB: No, this was not used for acquisition of the land itself. This was used for construction of the buildings.

ASSEMBLYMAN VENEMAN: Construction of the buildings.

COUNCILWOMAN COBB: Yes.

ASSEMBLYMAN VENEMAN: The land was acquired out of city funds?

COUNCILWOMAN COBB: And retirement funds.

ASSEMBLYMAN VENEMAN: And retirement funds.

CHAIRMAN KNOX: It was a lease-purchase arrangement then.

COUNCILWOMAN COBB: Yes.

CHAIRMAN KNOX: There was no bonding?

COUNCILWOMAN COBB: No.

CHAIRMAN KNOX: Did you have any objections from any of the citizens that the lease-purchase was sort of getting around the bonding requirement of 66 2/3% vote?

COUNCILWOMAN COBB: Yes, we did. We are no different than any other major city. We had the same thing.

ASSEMBLYMAN QUIMBY: How many members on the council in San Diego?

COUNCILWOMAN COBB: Six at the moment. As of the November election, however, the City Council will go to 8 members and a mayor which will make a total of 9.

ASSEMBLYMAN QUIMBY: May I ask how long you've been on the Council?

COUNCILWOMAN COBB: Two and half years.

ASSEMBLYMAN QUIMBY: Are you the only lady on the Council?

COUNCILWOMAN COBB: Yes, sir. The first one.

ASSEMBLYMAN QUIMBY: The first one too? You're going to make a great mayor. (Laughter)

CHAIRMAN KNOX: Thank you very much Mrs. Cobb, we appreciate your coming.

Councilwoman Shaffer, representing Mayor Welch of San Jose.

COUNCILWOMAN SHAFFER: Gentlemen, I think unfortunately, that San Jose is one of the cities that required the initiation of the Local Agency Formation Commission. I think our overly aggressive annexation policy is what is surely killing our downtown area. Help from you may be a little too late. In order to evade the deadline (before the Local Agency Formation Commission begins to operate) San Jose is faced with the possibility of annexing 40 square miles between now and the end of December. This is definitely an evasion of the law but it will be considered. It is complicated by the fact that we are in joint jurisdiction in all these areas with the county. Our county designations of zoning are enough alike and enough different that the Council very often doesn't know what is happening when we annex land.

An example of this: A strip of land came in at the corner of Kelley and Monterey and it was H-1 in the county and it comes into the city as N-1-H. Now on the surface H-1 sounds very much like N-1-H, but we have here a happy coincidence that I think did not

happen by accident. H-1 in the county is highway commercial - little restaurants, filling stations, this sort of thing. N-1-H in the City of San Jose is light manufacturing. There is a great deal of difference and yet when we annex and we take this land in, we believe that we are annexing at the same level - not the same designation - but the same level of use in which it was in the county. We are very often mistaken. We have the inability to realize that there are 16 cities and one county government and that the county is superior to us. Whether we were to adopt the county system or the county was to adopt ours I don't believe would be important. What is important is that our designations shall be close enough so that we do know what we are annexing when we do annex.

Another example would be lot sizes. You have a tentative subdivision map and it comes in from the county at B-1-BD-6; it comes into the city under R-1-B-6. Again a very interesting coincidence that I think was planned. R-1-BD-6 in the county is 8,000 foot lots with a 6 foot side yard. In the City of San Jose R-1-B-6 is a 6,000 foot lot. You can see how advantageous it would be for a subdivider to get his zoning in the county and to come in with that designation into the city; and the Council might not catch it.

We have a further problem in that we and the county cannot seem to agree. Perhaps this is where your governmental agency on regional planning and on urban policy might be most instrumental in inspiring us to work together.

We are ringing our city with shopping centers of the magnitude that is surely killing our downtown area, because financial

condition is such that we have not yet one parking structure in the City of San Jose. The only parking structure we have belongs to State College and is a state facility; it is not anything we built. We have a further complication by the fact that we have one main arterial closed, temporarily, they say. This is 7th Street through State College. This is a most difficult problem when we are trying to get the traffic moved on a one-way street in the downtown area.

I look forward to help on mass transit from the state. We have a city-county committee and in addition we now have a councilman from the county on the Governor's mass transit committee. Perhaps here again with your inspired help we might be more willing to work together to make better use of the gas tax that's available plus the new in lieu tax in the mass transit bill. If we could but work together in more harmony. We are in no danger from the small cities; they have always been in the danger of San Jose. We are in no danger from them, but if we could work more cooperatively with our county government I think we might end up not as a big slurb - to which we are surely going - but we might be a truly metropolitan city with a vitalized downtown area. We do need your help.

CHAIRMAN KNOX: Thank you very much, Mr. Quimby.

ASSEMBLYMAN QUIMBY: Councilwoman Shaffer, it occurs to me that the Legislature cannot legislate cooperation. In other words, your problem between the city and county is simply not sitting down and determining your interests. The law provides that if you annex county land, it comes into the city nearest the same type of zoning

regulation as is possible, isn't that true? Or rather, the city zoning will reflect the zoning in the annexed area as I recall.

COUNCILWOMAN SHAFFER: It is...

ASSEMBLYMAN QUIMBY: Why don't you just sit down and figure out a compatible county-city zoning?

COUNCILWOMAN SHAFFER: Mr. Quimby, it is my feeling that our distrust of one another might be remedied by the fact that the state could urge us to cooperate where we will not do so. As I say, your Local Agency Formation Commission is a good case in point. We have heard much about the fact that no member of the San Jose Council is on that Commission. No San Jose resident is on that Commission except for one of the supervisors. And this is definitely a reflection of the distrust in which the 16 cities hold San Jose.

ASSEMBLYMAN QUIMBY: That is true, though, with any county seat. In my county and in Riverside too, I believe, nobody who even lived in the city that was the county seat was put on the Commission because of this problem.

This committee has been violently accused, even by one or two of our own committee members, of invading local control by recommending the Formation Commission legislation. Now, if we were to take a step into the area of enforcing compatibility of county and city zoning, why those more conservative good folk would accuse us of a state master government take-over, or something like that. I'm saying that we have to play it kind of "cool" you know.

CHAIRMAN KNOX: You are saying, Mrs. Shaffer, that as far

as you are concerned if some legislation could be passed that would prevent the kind of fraud in subdivisions that you have described, you at least would support that. Is that a fair statement?

COUNCILWOMAN SHAFFER: I believe so, Mr. Knox. I think that we are in no danger from the Local Agency Formation Commission. I have complete trust in the fairness of the small cities. I think the fact that no one from San Jose is on that Commission is the only weapon they have against us who have been overly aggressive, have intruded upon their spheres of influence, and have in every way shown a complete disregard for our smaller neighbor. I see no difficulty with the Commission, but I do feel we have a difficulty in that we do not have a good relationship with our county. It is most unfortunate; and we must all suffer the results of it if we do not come to some agreement.

CHAIRMAN KNOX: Mr. Alquist.

ASSEMBLYMAN ALQUIST: Mrs. Shaffer, are you speaking for the majority of the Council or is this your own personal view about San Jose's annexation policy?

COUNCILWOMAN SHAFFER: Mr. Alquist, as you well know, the Council is divided upon annexation policies. As a new member of the Council I represent, at the present, the minority.

ASSEMBLYMAN ALQUIST: This is purely your own view then.

COUNCILWOMAN SHAFFER: This is the view of the minority of the Council and of the people that I represent.

ASSEMBLYMAN ALQUIST: And you would be perfectly willing

to leave the future destiny of San Jose to the discretion of the Mayor of Monte Sereno for instance?

COUNCILWOMAN SHAFFER: The Mayor of Monte Sereno is not on the Local Agency Formation Commission.

ASSEMBLYMAN ALQUIST: Yes, but suppose he were. You say that you have complete trust in the smaller cities in the county, and this is one of the smaller cities that is more active in our local group of cities.

COUNCILWOMAN SHAFFER: I do not know the Mayor of Monte Sereno well, but what I do know of the Mayor of Monte Sereno inspires me to say that I wish we had that kind of talent in San Jose.

ASSEMBLYMAN ALQUIST: This proposed 40 square miles of annexation that San Jose has planned between now and the effective date of the new law - do you think that this is illegal in spite of the fact that the Council is certainly able to stop it if they don't want to do it?

COUNCILWOMAN SHAFFER: I don't say it is illegal, but I point to the speed in which it is being done and the errors which we have found in one of the major annexations. We have two annexations riding on the same piece of property, and I'm speaking now of Riverside 17 and Riverside 17-C. There is a possible legal difficulty here in that it may not be legal at all to annex this land so we are covering all the bases. This man's property - he bought this ranch two years ago I understand - is nearly 7,000 acres. From what we were able to find in the County Assessor's office he paid \$11,000 in

taxes last year to the county, and yet we are brazen enough to say that this area will provide for taxes and pay for itself. I don't know what \$11,000 is going to buy. It won't buy a fourth of a fire engine; but if annexation is successful, we will be obligated for police and fire services. Our annexation policy has been such that our services are spread too thin. We are not giving coverage in police and fire let alone other problems such as those of sewer line extensions and street improvements. We need help.

ASSEMBLYMAN ALQUIST: You think San Jose's annexation policies have been detrimental to the best interests of the city itself?

COUNCILWOMAN SHAFFER: This may be an extremely conservative view, but there are many people who do not equate largeness with greatness.

ASSEMBLYMAN ALQUIST: I have one further question. Do you consider that the county's standards of zoning and other surface standards are superior to those of San Jose?

COUNCILWOMAN SHAFFER: I do not know whether I could say specific standards were superior, but I do say that the county standards are not comparable to city standards; yet we fail to recognize it. Almost all the large annexations have been hill country yet we have no hillside subdivision ordinance. We have no definite grade requirement for hillside subdivision; the county does. They are in their third year of a hillside subdivision ordinance.

You may think that this is a very unusual way to think of it.

The papers of about a week or two ago, however, reported an accident on Bolder Drive and Penitencia Creek Road in which a milk truck driver, when his brakes failed, was able to swerve and miss approximately 23 state college students. He was very badly injured, but to his quick thinking some of them owe their lives. Now the Council gave a special permission to this subdivider to have a 20% grade street. This is much above what the county allows. The county has a 14% - 15% maximum grade on a dedicated street in the hillsides. Yet there is proposed up there a large handsome subdivision with a commercial area of 10 or 12 acres. This means large tanker trucks for gasoline. This doesn't mean just a milk truck going up with family deliveries, but it means all kinds of supporting equipment. The Council then decided to accept that subdivider's tentative subdivision map for another subdivision adjoining his original subdivision. This new subdivision has 18% grades and two switchbacks. We have fire equipment that must now get up to that area because it is in the city. This is what I mean. I don't say county standards are superior; I only say we have nothing comparable. I don't know whose zoning designations are the best; I only can say that they should be comparable. We should in some measure live up to our responsibilities, and we seek your help to do it.

CHAIRMAN KNOX: Anything further, Mr. Alquist?

ASSEMBLYMAN ALQUIST: No, that's all.

CHAIRMAN KNOX: Thank you very much, Mrs. Shaffer, we appreciate very much your coming and I think you have given us some food for thought.

Unfortunately Mayor Wade of Long Beach had to leave, but he left five suggestions with us including consideration of the rapid transit system as related to the freeway system; acceleration of air pollution programs; a state-wide master plan for development of beaches and other natural resources; health plan and jail bill that we are so familiar with and that the people from Long Beach are interested in; and tightening of the annexation laws to enable cities to more effectively annex unincorporated areas located within their overall boundaries. We will incorporate this in the record.

We have two more witnesses who are present at this time. Mr. Proctor, representing the Acting Mayor of San Francisco. He is the Senior City Planner of San Francisco. Mr. Proctor.

ASSEMBLYMAN QUIMBY: May I ask you one question, Mr. Proctor?

MR. PROCTOR: Yes, sir.

ASSEMBLYMAN QUIMBY: What is the percentage of that grade over here in front of the hotel? (Laughter)

MR. PROCTOR: They start about 20%.

ASSEMBLYMAN QUIMBY: Kind of hard to make it up in the morning.

MR. PROCTOR: Yes, we have some real good ones here.

ASSEMBLYMAN ALQUIST: Is that an acceptable grade in most city planning? Or county planning?

MR. PROCTOR: Probably not. There has been considerable debate among experts on the way our city is designed. Some of them

have claimed that our grid pattern was terrible because you had all these steep streets. Now you've got some people who claim that this is what gives the city some of its charm, because you have straight, steep streets which provide thrills for the mid-westerners when they go over the brow. They also provide vistas looking out onto the Bay and so on so...

ASSEMBLYMAN FLOURNOY: They provide thrills for the Los Angeleno too. (Laughter)

MR. PROCTOR: San Francisco is one of the good western examples of the typical core city. We cannot be involved in any annexation proceedings; we don't have the problem that Mrs. Shaffer was indicating because we, being a combined city and county, cannot annex anybody. Consequently, we're a central core city. We have practically no lots left for vast expanses of single-family homes. Whatever is being built now usually involves something being torn down. We had a population decrease between 1950 and 1960. The Office of Population Research in the State Department of Finance has recently informed us, however, that we show signs of increasing in population once again. Even if our population were static, we could still be considered to be making tremendous progress. For example there have been increases in property valuation particularly in downtown area, new construction, new skyscraper office buildings, new skyscraper apartment houses and other evidences of growth in new construction all over the city. There is hardly a vacant lot left and a very small vacancy ratio. Consequently, we don't quite fit in the

same category as those core cities you find in the middle west and the east where they've had a terrific downgrade.

Our downtown shopping is holding its own. Of course, it constitutes a relatively small percentage of the total shopping of the entire metropolitan area. On the other hand the population of the metropolitan area has grown so much that I'm quite sure that we couldn't accommodate everybody if suddenly all the shopping centers folded up and everybody came here to shop. Shopping, therefore, has remained healthy and has shown a very modest growth. There also has been considerable growth in the type of the stores that we have downtown.

In regard to the matter that the committee wrote the Mayor on - the question of ways in which state assistance might possibly be made to the central core city - we circularized our department heads. You may be happy to know that most of them felt that we were getting considerable state aid already and that consequently we didn't have a tremendous list of things that we felt were of paramount importance.

Regional planning is one of our big problems, and San Francisco has joined with eight other counties in the Bay area in pledging to support with local contributions a proposed regional planning activity to be put out by ABAG (Association of Bay Area Governments). This is now in the mill despite the fact that for several different reasons San Francisco's membership in ABAG has been

delayed. I'm quite sure that before too long it probably will be a member. At the same time it has joined in pushing this regional planning proposal of ABAG. Consequently as far as state assistance is concerned I don't know - I mean - this is to be a 1/3 local financing and 2/3's federal financing. If there were to be any state assistance I'm sure that it would be welcomed but so far it isn't planned or counted on.

In addition to ABAG there is the Bay Area Transportation Survey. This project will have considerable state funds in it. San Francisco will also contribute its share of the local city and county contributions that are necessary. The transportation survey and the ABAG study will be coordinated. They will have to be if they both are to be assisted by the federal government. We've been told that. This will work very well because the ABAG regional planning study will be sort of a broad look with rather a small staff - sort of high-level planning concept. Then the Bay Area Transportation Study will get massive amounts of data on origins and destinations and land uses and so on.

In regard to transportation problems we got a note from the Public Utilities Commission of San Francisco which operates our municipal railway reminding us of the fact that San Francisco's municipal railway does have approximately a \$6 million dollar annual deficit. We choose to live with such a deficit, however, because of the fact that the low fare which we charge benefits downtown business, and benefits the population which uses this public transportation. If we raised the fare, some people would use more private

automobiles, an alternative which would have a chaotic effect on downtown traffic. Coming up is a \$59 million dollar bond issue which we have in our long-range program; it hasn't been put on the ballot yet. It is felt that about \$59 million dollars worth of bonds will be necessary to modernize the municipal railway so that it can operate as a partner to the Bay Area Rapid Transit District. This planning is another example of how we feel our central city is coming forward. For this reason the Public Utilities Commission did indicate the question of state assistance might be raised, principally because of the fact that both in the Rapid Transit District and also in its own municipal railway the property owners are at present shouldering the whole tax burden. Of course, there are new vehicle tax funds that are available for local transit. This could be spent on the Bay Area Rapid Transit District; it could be spent partially on the Muni, partially in the East Bay on the Alameda-Contra Costa district. These funds will possibly provide some state assistance and...

ASSEMBLYMAN ALQUIST: Approximately how much revenue do you anticipate from this in lieu tax?

MR. PROCTOR: I don't have that figure.

ASSEMBLYMAN ALQUIST: You don't even have an estimate?

MR. PROCTOR: Well, there might be one, but I don't have it with me.

ASSEMBLYMAN ALQUIST: I was wondering if it was a significant sum compared to the overall cost of rapid transit.

CHAIRMAN KNOX: No, it won't be too significant. I think it will be a drop in the bucket, but I think it will be of some assistance.

MR. PROCTOR: I'd guess it might be around \$2½ million dollars a year or something like that. For instance San Francisco's share of gas tax revenues runs around \$5 or \$6 million dollars a year.

Another subject was also raised by our Public Utilities Commission. They pointed out that we have some new watershed areas such as Don Pedro Dam up in the Sierras. Some question has been raised about the extent that it would be possible to have public use of these facilities. Our Public Utilities Commission pointed out that millions of dollars would be necessary for filtration plants if public recreation were permitted. They raised the question as to whether or not there might be a possibility of some state assistance if recreation were permitted in places like Don Pedro. This was felt to be proper inasmuch as recreation benefits would accrue to the state as a whole.

The Public Utilities Commission also indicated that the stringent sewage treatment policy followed at San Francisco International Airport helps eliminate pollutants in the Bay and is of substantial benefit to the state as a whole. Thus they wonder if some state aid might not be made available to this program.

I probably don't even need to mention the area of freeway construction. There has never been any problem as far as relationships with the state people are concerned. We have always talked to

them, and they have always talked to us. To a large extent any problems that have arisen have usually arisen out of a conflict between a concept of freeways on which the city engineer and the State Division of Highways might have agreed and other values held by other interests in the community. In any event we are going forward. I would say that we are in good shape as far as cooperation is concerned.

We had one other specific proposal from our purchaser. He suggested that joint purchasing arrangements between the city and the state might be explored. He felt that if a city has a favorable contract, the state should have an opportunity to take advantage of it and visa-versa.

One other point that I might mention is the work of our department, the City Planning Department. We are in the midst of what is called a community renewal program. Ours is a long-range program of not only renewal and redevelopment actions, but more comprehensively, it's a long-range program for developing the city. One of the specific problems with which we are concerned is the problem of middle income housing. This is a big problem in San Francisco. Those who try to find an apartment or a house soon run into it. In order to get the type of housing that even a city employee can afford is very difficult, particularly if you are buying. This problem is quite closely tied into our total renewal problem. How do we get housing for people other than those who are going to buy these big expensive co-ops up on the tops of the mountains here. We are exploring various means of reducing land costs in redevelopment areas, long-term federal loans, different things of this sort.

We would like to see the state explore the kind of assistance it might be willing to provide to encourage more middle income housing.

CHAIRMAN KNOX: The last witness who has indicated his presence is Mr. Jack Brown, representing Mayor Yorty of Los Angeles.

MR. JACK BROWN: Mayor Yorty wanted me to express his regrets that he was unable to attend.

CHAIRMAN KNOX: Did he have a written statement that you wanted to put in the record?

MR. JACK BROWN: I have a written statement here but it has been severely edited and I think it might be best if I read this. I also have a 14-page report issued by our City Administrative Officer that I would like to file with the committee.

CHAIRMAN KNOX: We will see that it is put into the report in its entirety.

ASSEMBLYMAN ALQUIST: Are you speaking for Mayor Yorty or for the City Council of Los Angeles?

MR. JACK BROWN: I speak for Mayor Yorty, sir.

CHAIRMAN KNOX: We've asked mayors to this hearing, generally speaking, although we did have two charming Councilwomen. Primarily this has been a meeting to listen to mayors; we have also had occasion to listen and will in the future to listen to the councilmen where there is a possible difference between the opinions of either group.

MR. JACK BROWN: We first realize the particular position of a central city in the social and economic structure of the state

because of its position in a metropolitan area in which a large portion of the state's population resides. Classically the central city must not only serve its citizens but must also serve all those from surrounding jurisdictions while they work, play, shop and travel within its boundaries. In the Los Angeles metropolitan area the City of Los Angeles must provide services for an influx of visitors from near and far. The central city thus unavoidably must be prepared to serve a far greater population than its actual residents.

In the course of normal growth for the metropolitan area the need for many major services benefiting the entire region is best met by this central city. In the case of Los Angeles a major shipping port, an international airport, electric power and a huge sewerage disposal system are a few examples of these types of services. Even those services classified without question as municipal responsibilities in many cases benefit the entire metropolitan area. For instance, problems of law enforcement are not limited by political lines. Race tracks bordering Los Angeles pose law enforcement problems to the central city of Los Angeles - which, incidentally, spends almost \$1 million dollars a year to enforce state laws against bookmaking. Many services utilized by persons from outside the boundaries of the city must be adequate to meet the need. The power of the central city to levy taxes and obtain revenue to finance these activities, however, is based upon its political boundaries and not its social and economic benefit to the whole metropolitan area. There is a serious question of whether the central city resident can be

further burdened to support services utilized by the metropolitan population. To expect him to do so is obviously unfair. The state should therefore recognize the problem of the central city as the cortex of a metropolitan constellation. It should regard the central city as a vital core of the metropolitan area, deserving a special attention and assistance. Every city and county in the metropolitan area should be evaluated on the basis of its contribution to the social and economic complex. And state assistance should be geared to those facts. The concept of home rule must be protected, but at the same time activities of special interests and corporations designed to block legitimate growth of a contiguous city or avoid a fair share of the cost of services should be discouraged.

The state should also assume a larger responsibility for the cost of regional services rendered by a central city. For example, there could be more equitable subventions to the central city. Pending these changes, the state should abate special favors at general expense. A number of suggestions have been included in the report issued by the City Administrative Officer. The Mayor does not agree entirely with all these suggestions such as, the one that state income tax should perhaps be increased and the additional revenue returned to the area of origin.

ASSEMBLYMAN QUIMBY: The mayor doesn't agree with that.

MR. JACK BROWN: He does not agree entirely with that. Nor is he particularly concerned that back in 1947 there was a grant of \$750,000 dollars to the Sacramento-Yolo Port District, or that

three years ago there was a state bond issue of \$60 million dollars specifically for the San Francisco Port Authority.

ASSEMBLYMAN QUIMBY: You say he doesn't mind?

MR. JACK BROWN: He does not. However, he does hope that the Legislature would study this report because it is a well thought out report on various problems which do face central cities and we believe it will be a benefit to the committee.

We hope that the Legislature will be watchful for any specific individual appropriations to a local governmental agency for a purely local purpose. We also hope that the Legislature will consider rectifying the inequitable division of possessory interest taxes paid by tenants at the International Airport and Los Angeles Harbor.

Other items mentioned in the report include the lack of tax credit to city property taxpayers for support of county services for which they receive little or no direct benefit, and inequitable distribution of state highway funds to cities. So an example of this latter charge, in Los Angeles under the Streets and Highways Code, we receive only \$20,000 dollars yearly for street engineering and administrative costs. Yet Los Angeles maintains 7,000 miles of streets and expended \$2,700,000 dollars in 1962-63 for engineering work alone on this network. There is also the question of inequitable distribution of the state pari-mutual revenue from horseracing in view of increased costs to the city for traffic regulation and enforcement of state bookmaking and gambling laws. There is also an inequitable

distribution of the motor vehicle fund. Our unincorporated areas benefit from the California Highway Patrol which is financed by this fund but the Los Angeles Police Department has sole responsibility for traffic law enforcement within the city, including the all state highways and freeways within the city.

There is also the matter of financial support for the San Francisco World Trade Center, although no support is provided for a Los Angeles World Trade Center.

ASSEMBLYMAN RYAN: Does this bother the Mayor?

MR. JACK BROWN: Yes, that does.

Another area in which the state might act to assist large cities concerns governmental immunity on sales tax and other state-collected taxes. The city pays a 3% tax on all taxable purchases made within the state but conversely the state pays only 1% on purchases made within Los Angeles City.

There is also an inequitable distribution of state subventions to counties discriminating against populous areas. For example, subventions equalled only 44.6% of tax collections in Los Angeles County in 1960-61 but such small counties as Lassen, Inyo, Mono, Sierra, Trinity, Modoc got back from 100% to more than 200% of their tax contributions to the state.

Then there is also a question of inequitable distribution of public health local assistance funds. The City of Los Angeles receives less than 3% of state funds while having 15% of the state's population.

These are only a few examples of discriminatory tax practices which should be corrected to aid central cities. We urge that your committee recommend legislation which will establish an equitable system of subventions to central cities based upon their status as the core of large metropolitan regions.

CHAIRMAN KNOX: Thank you, Mr. Ryan has the first question.

ASSEMBLYMAN RYAN: You say that the Mayor is not necessarily concerned about the subventions of the Sacramento-Yolo Port Authority but is concerned about the San Francisco World Trade Center. Does the Los Angeles Port Authority also receive, or has it ever received, any kind of money from the state?

MR. JACK BROWN: No, sir, the Port of Los Angeles has been completely developed by the people of Los Angeles. It is not a port authority; it is administered by the City of Los Angeles on state lands held in trust by the city.

ASSEMBLYMAN RYAN: Well, why is the Mayor concerned about the World Trade Center in San Francisco and not concerned about the Yolo Port business? Is this the traditional rivalry between the two cities or does he see any kind of real disadvantage in the situation?

MR. JACK BROWN: We see no disadvantage in the Yolo Port. First of all, that was a grant made way back in 1947. We can hardly quibble with something done that far back. Secondly, it is for a regional purpose because it does serve the entire Sacramento Valley.

ASSEMBLYMAN RYAN: Well, what about the World Trade Center? It certainly takes care of good deal of the entire Bay Area. If we're

citing precedent here in an attempt to show that Los Angeles is being shorted on the amount of state monies that it receives, then I don't see the difference between one and the other.

You also speak of more equitable subventions to the city. I've noticed over a period of time that cities are continually complaining about the fact that things are not equitable. I wonder if any city, including Los Angeles, ever finds itself in the position of having some kind of advantage in terms of subventions and monies from the state. I don't think there will ever come a time when the State Legislature will ever be able to come up with some kind of a system which is exactly even for everybody all over the state because it doesn't work that way. Human beings are not made that way; neither is legislative process. I just wonder if your complaint for more equitable subventions is as valid as you may think it is.

CHAIRMAN KNOX: Incidentally, I hadn't introduced Assemblyman Ryan from San Mateo County and former Mayor of South San Francisco who has now joined us.

ASSEMBLYMAN FLOURNOY: I just wanted to ask one question. You made a statement in regard to resisting the use of state money to support local agencies for local purposes. Does that have anything to do with MTA?

MR. JACK BROWN: No, MTA would not be a strictly local agency...

ASSEMBLYMAN FLOURNOY: O.K. I just wanted to ask.

CHAIRMAN KNOX: Any further questions?

ASSEMBLYMAN QUIMBY: May I have the honor of introducing a fellow in the audience who has some special significance?

CHAIRMAN KNOX: Yes, you may.

ASSEMBLYMAN QUIMBY: He lives in my district - the new state president of the League of Cities, Johnny Bergin. Mayor Harold Hayes of Montclair is also in the room.

CHAIRMAN KNOX: If there is nothing further gentlemen the meeting stands adjourned. Thank you very much for coming.

STATEMENT BY MAYOR JAMES B. MCKINNEY
CITY OF SACRAMENTO

ASSEMBLY COMMITTEE ON MUNICIPAL AND COUNTY GOVERNMENT
LEAGUE OF CALIFORNIA CITIES

October 22, 1963

Mr. Chairman, this statement is given in response to the invitation of the Committee Consultant, Mr. Thomas H. Willoughby, asking our thoughts on the problems of central cities in metropolitan areas of California.

At the American Municipal Congress in Houston last August, Mr. Wayne Thompson, City Manager of Oakland, delivered a paper concerning city government which was entitled "WE ARE ON A COLLISION COURSE WITH BANKRUPTCY". It would be my observation that those of us who are doing some share in the navigation of central city government have been unable to discover a means of changing this course. We welcome this opportunity to discuss our problems with you because membership on this Committee has perhaps given you a better understanding of the situation and a greater familiarity with the problems that confront us. Full recognition of a problem is the first step toward its alleviation. I can propose no legislation which would be the panacea for our ills. I am of the opinion, however, that you on this Committee, in your analysis of legislation, and in your guidance of legislation, can be of real help in preventing the aggravation of our situation.

If we grant that most problems of local government revolve about the availability of money, why is it that central cities in metropolitan areas are in the most critical situation in this respect? There are a few factors which I should like to mention.

The central city is, of course, the oldest urban portion of the metropolitan area. This means that the oldest housing, and consequently the least desirable and least expensive housing, will be centered in portions of the central city. The ultimate in deterioration is illustrated by the "skid-row", but equally serious are the semi-blighted areas of dense population, housed in old sub-standard buildings. Even a redevelopment project does not provide a complete solution because the relocation of these people does not prevent the normal gravitation of these low income persons to other areas of low rents and lowest standards. The low-standard and semi-blighted areas provide low return from ad valorem taxes; they provide low return from other sources such as sales tax. Yet these population densities require far greater than normal governmental services. Aside from public welfare assistance, the costs of which are not a direct city responsibility, almost every normal municipal service must be strengthened for these people. Yet these problem areas contribute far less than their per capita share of taxes. Satellite communities and urban areas surrounding the central city make no contribution to the solution of this problem even though it is metropolitan in character. Central cities find this unwanted child left on their doorstep.

Employment densities in central cities bring problems of a different type. Even though there may be industrial concentrations in specific locations away from the central city, it is still safe to say that employment densities in portions of the central city can intensify problems of vehicle movement and parking. Every city is perhaps different but in Sacramento these problems are particularly

associated with State employment. We, in Sacramento, recognize that the economic health of our community stems in no small measure from this tremendous payroll. Nonetheless, our obligations to provide needed streets and parking have not been easily met because there is no tax base commensurate with the financial problems involved. Sacramento City has public transit subsidized by ad valorem taxes. It is used most heavily by low income people. It serves areas outside the City limits and the demands for extensions for outside-city routes and schedules is increasing. Using taxes collected only within the central city, how far can this subsidy be extended?

There are many central city services which are enjoyed gratis by the whole metropolitan area. Recreational and cultural activities are certainly in this category. An example, look for a moment at our recreational program. We can expect our major parks and picnic areas to have a high percentage of use by non-City people. The surrounding urbanized areas have few facilities comparable to ours. These people use ours. In our golf program we know that one-half the people who use our three eighteen-hole and one nine-hole city courses are not city residents. Since green fees on municipal courses cover only slightly more than maintenance and operation, this is another example of central city subsidy to the metropolitan area.

These matters I have mentioned are all to the point that central cities in metropolitan areas seem to inherit very basic problems - growing problems very costly to solve; yet central cities face a shrinking tax base.

Every bit of help this Committee can give will be gratefully appreciated.

Thank you.

October 22, 1963

STATEMENT BY THE CITY OF SAN DIEGO OUTLINING
SAN DIEGO'S SUCCESSFUL LOCALIZED APPROACH TO
RESOLVING THE PROBLEMS OF ITS CENTRAL CITY
AREA.

Mr. Chairman and members of the Assembly Interim Committee on Municipal and County Government. My name is Helen Cobb and I represent the First Councilmatic District in the City of San Diego. I wish to express first the City of San Diego's appreciation to the Committee for allowing us this opportunity to tell you how the growing problems of San Diego's central business district were met and resolved in our City. I wish also, as hearings on Central City Problems continue, to extend a warm invitation on behalf of San Diego to the Committee to visit and stage at least one subsequent hearing on this subject, in our area. We would welcome the opportunity of showing you first hand the teamwork results of San Diego private citizens and local government to resolve this problem which affected the entire community.

In 1960, the central business district of San Diego differed little from the central business district of any major city in the United States. No new major buildings had been built downtown for over thirty years. The downtown had deteriorated, and it was painfully apparent that the weakened heart of the City needed strengthening. San Diego, prior to 1960, had attempted several major improvements for the central area, as general obligation bond issues were defeated. Sixteen different proposed projects over a 35 year period had been unsuccessful, and several missed garnering the required general obligation bond vote by narrow margins. Economically speaking, retail sales in the central business district declined from \$119 million in 1948 to \$118 million in 1954 while at the same time, retail sales in the metropolitan area increased from \$502 million in 1948 to \$790 million in 1954, a percentage increase of 57.4%.

In May, 1959, an organization called "San Diegans Inc.", was formed. This organization was composed of private citizens and business firms located in the downtown area. Through volunteer fund raising drives, money was acquired to finance surveys

and economic studies of the central business district area. The first economic study which cost \$32,500 was completed in the spring of 1960. Members of San Diegans Inc. met almost continuously with City officials to plan such vital facilities as a civic theatre, convention facility, a parkade and a city legislative and administrative office building. A Centre City Advisory Board was created in September, 1961 to formulate basic objectives for the proposed community concourse. Many factors were responsible for citizen action in San Diego. Despite the frustrating experiences of the past, the responsible downtown businessmen bounced back and tried again. The character of the City of San Diego and of the downtown area had changed drastically because of the exploding population, the suburban growth, the rise of shopping centers, and the change in the American way of life. The increase in the number of people and automobiles resulted in downtown congestion. Thus, perhaps the strongest underlying prompting factor to private citizen interest, was economic. The functions of downtown were and are considered to be administrative, financial, cultural and governmental with high quality diverse retailing still an essential. The major prompting factor which galvanized citizens into action and which led to success was the initial and continuing receptive attitude by local government which committed itself to action and gave the citizens assurance that action would follow considered planning and that, in turn, citizen support would bolster public action.

Land acquisition for public facilities was started in the Spring of 1961, utilizing capital provided by the City Employees' Retirement Fund, and capital funds were tabbed for construction of major facilities, beginning with the Community Concourse. Community Concourse estimates, not including land purchased, were City Administration Building, \$4,400,000; Parking & Exhibit Facility, \$3,100,00; and Theatre & Public Assembly Hall, \$6,000,000. The City prepared its financing on the basis of the original estimates which had been based on minimum requirements. It soon became apparent that if the City adhered to the minimum requirements that the Theatre & Public Assembly Hall Facility would be inadequate before the facilities could be

completed. The new estimates which were immediately prepared raised the costs by some \$1,500,000 and the City having already arranged its financing was faced with a \$1,500,000 shortage in funds to complete the project. City Government and community cooperation then reached a new high. Civic leaders, realizing that the project faced a severe threat because of insufficient capital funds, instigated a private fund raising drive to raise the necessary money to complete the City's building program. Individual citizens and business firms alike contributed generously, with donations ranging from \$3 to \$200,000. Within six weeks there were over 150 donations to the Community Concourse Fund which reached the amazing total of \$1,600,000, more than enough to assure completion of the project.

San Diego's Community Concourse will be completed by January of 1965. The construction of the Public Assembly Facility will be completed by late Spring of 1964, and the Parking Garage shortly thereafter. The Centre City project has by now become a reality and has triggered a chain reaction throughout the central business district area. Already completed, under construction or announced are more than \$100,000,000 in private improvements. Completed private projects include a 25-story bank headquarters office building (\$12,500,000), a twin towered savings & loan association headquarters office building of 18 stories (\$18,500,000), and an electronics investment corporation office building of 24 stories which cost some \$5,500,000. Another major San Diego bank will shortly begin construction on a \$17,500,000 home office building and almost every major retail and service business located downtown has a remodeling or face lifting program underway.

During the next forty years, the City will invest some \$46 million in new public and governmental facilities. All of the necessary land is now acquired and is valued at some \$7 million. The effect of a governmental agency removing this substantial amount of land and improvements from the tax roll is interesting in the case of San Diego. The present improvements on the sites of selected private development have a total assessed valuation of \$671,643. On these same sites, as a result of San Diego's Centre City, private developers will place some \$37.8

million in new improvements and provide an obvious substantial increase in local tax revenues.

Downtown San Diego is taking on an all new appearance. Construction permits in the City are reaching an all time high and street and highway development programs have been accelerated to harmonize with the new requirements of the changing downtown. Both private citizens and the City are determined to finish all aspects of the program. San Diegans, Inc. and the City have commissioned two additional economic reports, one on the feasibility of providing private walk-to-work housing on the fringes of the central business district and one predicting the market for service, supply and industrial uses South of the central business district. These reports will be used, as were the previous reports, as a basis for physical planning, and for attracting private venture capital.

Our purpose in presenting to you the background, present and future, status of San Diego's downtown development program is to demonstrate that local government is capable of meeting and solving the problem of a declining central business district. We earnestly hope that this Committee will keep San Diego's program in mind as it considers what role the State might assume in central city problems. We sincerely hope that while studying this weighty problem, this Committee will look into all aspects of State regulated local financing, such as the present general obligation bond vote requirement of 66 2/3% . Such helpful State participation as might provide for planning and economic study grants might also be explored. In essence, however, the City of San Diego is confident that as in its own case, private citizens and local government working together can produce the desired results.



OFFICE OF THE MAYOR
CITY HALL
LONG BEACH, CALIFORNIA

EDWIN W. WADE
MAYOR

17 October 1963

Mr. John T. Knox, Chairman
California Legislature
Assembly Committee on
Municipal and County Government
Room 5175, State Capitol
Sacramento 14, California

Attention: Mr. Thomas H. Willoughby
Committee Consultant

Gentlemen:

As set forth in your letter of 23 September 1963, wherein you ask for a statement from the City of Long Beach in regard to the areas in which State assistance would be appropriate for the City of Long Beach relating to Urban Policy, I would like you to know that this request was considered by the Administrative side of our government with the result that I am pleased to submit herewith the following five suggestions:

1. Consideration and review of rapid transit system as related to State highway and freeway system.
2. Acceleration of air pollution control program.
3. State-wide master plan for orderly development of beaches and other natural resources.
4. Legislation to exempt municipal tax payers from paying cost of services already provided to citizens by these municipalities, such as health services and jail or honor farm type facilities.
5. A tightening of annexation laws to enable cities to more effectively annex unincorporated areas located within their over-all boundaries.

Very truly yours,

EDWIN W. WADE
Mayor

EWV:VWD:cb

CITY OF LOS ANGELES
CALIFORNIA



SAMUEL WM. YORTY
MAYOR

CARL F. PAHL
ARTHUR O. SPAULDING
LELAND M. SWANSON
FRANK W. WINFIELD
ASST. CITY ADMINISTRATIVE OFFICERS

C. ERWIN PIPER
CITY ADMINISTRATIVE OFFICER

October 16, 1963

Honorable Samuel Wm. Yorty

Mayor of the City of Los Angeles

Dear Sir:

You have requested this office to make recommendations pertaining to ways in which the State can provide assistance to the City of Los Angeles in its role of a Central City in a metropolitan area. You have also asked for specific examples of problems faced by the City with detailed background information and supporting data. Pursuant thereto, we provide the following information.

Summary of Findings

The most important way in which the State can provide assistance to the City of Los Angeles is by establishment of an equitable system of subvention of funds to the City based upon its status as a central city in a major metropolitan region. This must be accomplished by recognizing the metropolitan area as a separate, functional agent of local government. Each city and county in the metropolitan area must be evaluated on the basis of its contribution to the socio-economic complex of the metropolitan region and the taxing and revenue systems equalized accordingly. Fractionalization of government in the metropolitan area must be stopped and the concept of home rule protected by revision of the laws controlling incorporation, annexation and consolidation. Activities and services of cities and counties must be differentiated so that appropriate responsibilities will be assumed by each type of political entity and so that the "special interest" municipality will be discouraged. Pending the accomplishment of these changes, the State should abate certain tax inequities, listed herein, which are discriminatory under the present system.

October 16, 1963

FindingsCentral City Defined

A Central City has been described as one at the "core" of a metropolitan area, an area in which the population has seemed to flow beyond the political boundaries of the Central City and into adjacent political jurisdictions. Further, "these Central cities, though they are an inseparable segment of a larger metropolitan organism in a social and economic sense, are yet a separable entity in the taxing, spending and regulating sense. This inescapable political fact obliges them to look upon their problems parochially, whatever the economic and social facts may be." A great deal of research has been conducted to determine the processes involved in the creation of a Central City. Briefly, it is the product of an influx of population to the metropolitan area, an increase in the economic middle class, improved transportation, namely the automobile, and a "flight to the suburbs." The Central City then undergoes a decaying process with a concurrent lowering of its tax base, but without an offsetting reduction in the services which it is required to provide. The Central City and its problems are necessarily related to the metropolitan area of which it is a part. For this reason, this report will concern itself with metropolitan problems in defining and describing Central City problems.

Central City Problems

A Central City must face all of the usual problems of a City in financing and providing service to its citizens; however, because of its unique position, there are problems it must face which are peculiar thereto. These latter problems can be identified in terms of the clientele to be served, the types of services provided and the limitations upon the revenue sources of the Central City.

The clientele served by a Central City is composed of a far greater number of persons than the citizens living within its political boundaries. Because of its position as the hub of the metropolitan economic wheel it must serve that portion of the metropolitan population that resides in the suburbs and surrounding cities and that works and shops in the City. In the Los Angeles metropolitan area, a major vacation land and tourist attraction, it must serve the influx of visitors from all over the country as well as provide for the cultural needs of the population of the metropolis. The Central City thus unavoidably, has to serve a far greater population than its actual residents.

October 16, 1963

In the course of the normal growth and development of a metropolitan area, and the Central City at its core, the need for many major services of benefit to the entire area is met by the Central City, which is the agency most capable of providing them. The operation of a major port, the operation of an international airport, and the construction and operation of a major sewage disposal system are examples of these kinds of activities that the City of Los Angeles continues to provide. Even those services provided that are classed without question, as municipal services, in many cases, benefit the entire metropolitan area. The problems of law enforcement are not limited by political boundaries, thus the existence of two horse race tracks bordering the City of Los Angeles and legalized gambling in the City of Gardena, result in law enforcement problems for the City of Los Angeles above the normal level. Any service utilized by clientele other than persons residing within the boundaries of the City, must be expanded to some degree to meet the need.

The clientele and services briefly defined are the natural result of the position of a Central City in a large socio-economic complex known as a metropolitan area. On the other hand, the power of the City to levy taxes and its sources of revenue to finance these activities are not based upon its social and economic contribution but upon its political boundaries. Thus, while it may provide various services to a large percentage of the population of the entire metropolitan area it can only levy a property tax upon those residing within its boundaries. The State and the County provide financial assistance by various means but computation of such assistance is ordinarily based upon the population within the City or upon other factors limited by the City's political boundaries. The sales tax is an exception to the limitation upon the City's taxing power, inasmuch as purchases made within the City by residents from outside its boundaries tend to reverse the usual pattern. Revenue from sales tax, however, is not sufficient to overcome the disadvantage suffered by the City and the trend established by the movement of population and commerce to the suburbs will ultimately nullify this exception. It may be argued that the City has the power to levy other forms of tax to increase its revenue, but because such new taxes would also be limited by the City's political boundaries it raises the serious question whether the City resident should have his tax burden increased for this purpose and even whether he should be forced to assume any of the burden for services utilized by metropolitan clientele. A more equitable method would be to increase the State income tax and return a proportionate share of the additional revenue to the area from which it is collected. Failure to adopt some measure of this kind may result in the necessity for municipal payroll and income taxes which will not only increase the cost of government but will further, unfairly burden the Central City taxpayer.

October 16, 1963

It seems clear that the three problem areas discussed herein are simply components of a single problem facing the Central City: that is, the problem of financing government services. Thus, while the Assembly Committee on Municipal and County Government has not specifically referred to financial assistance in its request to the Mayor, we believe that any assistance offered would be most appropriately directed towards alleviation of the City's revenue problems.

Factors Contributing to the Central City's Dilemma

We have mentioned the metropolitan phenomenon labeled "The flight to the suburbs" and its effect upon the Central City's tax base. This has been one of the causes of a series of tax inequities which exist at this time. In addition, tax inequities and the deterioration of the tax base of the Central City are enhanced by two factors which have been, perhaps, epitomized in Los Angeles County. These two factors are a distorted application of the concept of the principle of home rule, and "the energetic assumption by the County of Los Angeles of the responsibility for providing municipal services."

The time honored "home rule" concept is one of long standing in the State of California and, we believe, one which must be perpetuated. However, recent developments in Los Angeles County suggest strongly that the time has come for its current application to be evaluated and controlled. We believe that the evidence is clear that the municipal vehicle is being used to promote special economic interests. Under the guise of strengthening home rule, cities have incorporated for the purpose of using their resulting land-use controls to promote industry and discourage other types of developments. Other cities have similarly employed the zoning controls to preserve agriculture. One city has prevented the construction of public streets within its boundaries. These and other examples support our conclusion that home rule is being misused. We believe the problem has been aptly stated in the report of the President's Commission on Inter-Governmental Relations which states:

"It defeats the purpose of home rule to resist needed consolidation of local units by interpreting home rule as a right of perpetual self determination. Self determination in one isolated local unit of a large community restricts the opportunity for genuine home rule in the whole community.

"The State-wide enforcement of some degree of uniformity in the common interest may in the long run strengthen rather than weaken, home rule by insuring that local action will be more satisfying to the public."

October 16, 1963

The fractionalization of government in Los Angeles County has been assisted, if not promoted, by the so-called "Lakewood Plan" which makes available to newly incorporated cities various municipal services provided by the County of Los Angeles, under contract. Of the 29 cities which have incorporated since 1954, a total of 25 contract with the County Sheriff for police services. The proliferation of incorporated cities in Los Angeles County with municipal services provided by the County of Los Angeles, if carried to its logical conclusion, can only result in the conversion of the "Urban County" into a form of metropolitan government. In the meantime, it has produced very serious financial inequities in metropolitan areas throughout the County. People of relatively similar socio-economic status throughout the County are paying astonishingly different rates for their governmental services. The residents of the Central City are paying far too much while the residents of some other areas are paying, comparatively, far too little.

The Constitution of the State of California establishes the general requirements for the incorporation of a city, the consolidation of two or more cities, or the framing of a Charter by a city. The specific requirements for these acts are included in general statute law. The Constitution has omitted policies with respect to annexation of unincorporated territory to municipalities and specific policies regarding the incorporation of municipalities. We believe therefore that the tax inequities which are the Central City's greatest concern, must be eliminated by the adoption of the necessary statute laws to eliminate special interest incorporations and to strengthen home rule. Such law must give greater weight to the socio-economic status of an area rather than to its proposed political status. It must require a minimum level of responsibility for municipal services with taxing authority and revenue sources commensurate therewith.

The Future of the Central City

Academic studies of metropolitan areas have set forth varying versions of the future development of Central cities. Most, however, agree that the outward movement of people from the Central City to the suburbs will continue and will be matched by an outward movement of jobs. Business and industry will tend to follow the population movement. The core of the Central City or its central business district will continue to expand. Decay of the area between its core and its boundaries will reduce the City's tax base and introduce almost insoluble problems with regard to its profitable utilization. If this prognosis is realized, and tax equity in metropolitan areas is not established, we believe that the Central City of the future will experience such financial difficulties that drastic action will be required if its form of

government is to be preserved and a new level of metropolitan government is to be avoided. Conversely if the Central City is recognized now for the contribution it makes to the socio-economic functions of a metropolitan area and an equitable taxing system is established on that basis, the Central City will continue to perform satisfactorily the function which has been relegated to it by the nature of a metropolitan area.

Proposed State Assistance

In view of the development of metropolitan areas throughout the State and the accepted belief in their continued growth and development, we believe that the State must adopt a new point of view toward local government in these metropolitan areas if it is to serve the people of these areas effectively. The concept of local governments as individual political entities must be subordinated to the concept that the significant local governmental manifestation is the socio-economic complex called the metropolitan area. We are not suggesting the formation of a metropolitan government or any new level of government, but rather a cooperative effort by existing governmental jurisdictions to carry on required activities and services within this sphere of social and economic forces. To accomplish this, the local political entities, the counties and the cities must be evaluated on the basis of their contribution to the socio-economic function of the metropolitan area. We propose, therefore, that the State:

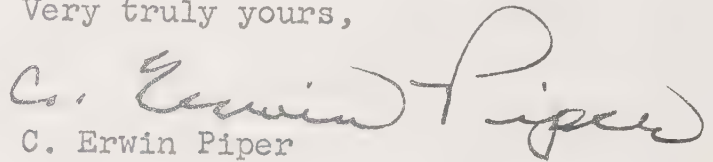
1. Recognize the Central City as a socio-economic entity whose services transcend its political boundaries.
2. Adopt a classification of cities in metropolitan areas based upon their socio-economic function rather than their population.
3. Define responsibilities and authority of cities and counties to provide uniformity, to eliminate duplication of services and to eliminate special interest incorporation.
4. Revise the procedures and control of annexations, incorporations, and consolidations to accomodate and improve the government of metropolitan areas.
5. Insofar as it is within the State power, revise the taxing systems and State financial assistance programs to recognize the need of cities and counties based upon their contributions to the metropolitan complex.

Hon. Samuel Wm. Yorty - 7

October 16, 1963

6. Pending action on these proposals, correct the attached list of discriminatory tax practices which reflect inequities under the present general tax structure.

Very truly yours,

A handwritten signature in cursive script, reading "C. Erwin Piper". The signature is written in dark ink and is positioned above the typed name and title.

C. Erwin Piper
City Administrative Officer

CEP:DMW:pam

Attach.

Discriminatory Tax Practices

1. Special appropriations to local governmental agencies for special projects such as the grant of \$750,000 to the Sacramento-Yolo Port District.

In 1947 a special appropriation of \$750,000 was made to the Sacramento-Yolo Port District for acquisition of rights of way in conjunction with a major flood control and navigation improvement project on the Sacramento River. We are unable to find any record of similar grants provided in the County of Los Angeles.

2. Inequitable returns to the City of Los Angeles of possessory interest taxes paid by tenants of the International Airport and the Harbor Department, and reduced lease income to the City by reason of the requirement for payment of this tax by lessees.

In 1960, tenants at Los Angeles International Airport paid over \$3,000,000 in possessory interest taxes; tenants at the Port of Los Angeles paid approximately \$600,000. The City received only \$745,000 as its share of the payments from Airport tenants and only \$131,900 from the total amount collected from tenants of the Los Angeles Harbor. It appears that a high percentage of those paying possessory interest taxes in Los Angeles County are located within the City of Los Angeles, yet the City receives only approximately one-fourth of the money collected, based on the City's share of the overall County tax rate. We believe that a more equitable distribution of this tax revenue is warranted.

3. Payment by City property taxpayers of taxes for the support of County services for which they receive no direct benefit.

These payments support municipal type services such as fire protection and law enforcement provided to unincorporated areas as well as health services provided to smaller cities. Equity should be provided in the State law whereby cities providing services in city areas, analogous to those provided in unincorporated areas by counties, be reimbursed by the County for the cost of those services, or to exempt the City taxpayer from paying the County for services he does not and in many cases cannot use. Enabling legislation would appear warranted as a first step.

4. Inequitable distribution of Horse Racing License taxes in view of the increased costs to the Police Department and Traffic Department of the City of Los Angeles by reason of the proximity of two major race tracks.

Although the tracks themselves are not located within the City, their close proximity to City boundaries creates problems of traffic direction and control and general policing, not to mention the bookmaking problems created thereby. Yet the City receives no financial assistance to support the increased level of service which must be provided. The unit cost of this type of service is very high.

5. Inequitable distribution of the State Highway Fund to cities under Sec. 2107.5 of the Streets and Highways Code.

Under this section of the Streets and Highways Code funds are provided for subvention to cities for expenditure exclusively for engineering and administrative expenses in respect to City streets. The Code allocates the funds as follows:

(a)	For each city with a population of over 500,000 inhabitants	\$20,000
(b)	For each city with a population of 100,000 to 500,000 inhabitants	10,000
(c)	For each city with a population of 50,000 to 99,999 inhabitants	7,500
(d)	For each city with a population of 25,000 to 49,999 inhabitants	6,000
(e)	For each city with a population of 20,000 to 24,999 inhabitants	5,000
(f)	For each city with a population of 15,000 to 19,999 inhabitants	4,000
(g)	For each city with a population of 10,000 to 14,999 inhabitants	3,000
(h)	For each city with a population of 5,000 to 9,999 inhabitants	2,000
(i)	For each city with a population of less than 5,000	1,000

Examination of the table above clearly indicates discrimination in favor of the smaller cities. The City of Los Angeles maintains over 7,000 miles of streets and expended over \$2,700,000 in 1962-63 for engineering work alone in connection with this network. Most other cities in the State have only a small fraction of the street mileage of Los Angeles City but each receives a larger proportionate share of State aid for this vital function.

6. Inequitable distribution of the Motor Vehicle Fund.

The City receives little direct benefit from the operations of Highway Patrol or other law enforcement agencies on a routine basis. However, the Highway Patrol does operate in unincorporated areas such as Altadena and East Los Angeles, in addition to the County Sheriff, who has primary responsibility. Yet within the City of Los Angeles, the Los Angeles Police Department has complete responsibility for traffic enforcement and control. We believe that subventions to the City of Los Angeles should be revised to reflect more accurately the costs incurred by our Police Department relative to traffic enforcement and police work generally.

7. Inequitable distribution of Alcoholic Beverage and Liquor License taxes.

The City of Los Angeles faces problems other than merely detention of persons convicted on drunk arrests in the area of alcoholic beverage consumption. A major step forward was realized when the County was required to recognize its responsibility for the custody of these persons. This is only part of the picture. Our police records clearly indicate the direct relationship between consumption of alcoholic beverages and other criminal activity. Consequently a greater proportion of the City's police force must be deployed to meet these problems.

8. Inequitable subvention of State Highway Fund between the Toll Bridge Authority and California Counties.

The cost of maintenance of all toll bridges under the jurisdiction of the California Toll Bridge Authority is taken out of funds available in the State Highway Fund prior to the allocation of funds to the County Group 1 and 2. Legislation provides that 45 per cent of the remaining funds are allocated to the northern counties (group 1) and 55 per cent is allocated to the southern counties (group 2). The effect of this procedure is to short change the counties and the cities

with regard to funds for highway maintenance.

9. Discriminatory legislation, such as Chapter 60 of the Statutes of 1962.

This legislation had the practical effect of depriving the Southern California counties of the benefit of \$2,750,000 in highway construction for a period of ten years when transfer of \$5,000,000 from the Motor Vehicle Transportation Tax Fund to the General Fund was approved. The purpose of the transfer was to permit repayment of a \$5 million dollar loan by the Golden Gate Bridge and Highway District made in 1945. In view of the serious deficiency in highway construction, especially in the populous southern counties, we believe this action will seriously impede highway construction which is urgently needed.

10. Continued support of the San Francisco World Trade Center. No support is provided for a Los Angeles World Trade Center.

The State of California has supported the San Francisco World Trade Center Authority during the last three years with appropriations totaling \$271,258. During the same period nothing was provided for the Los Angeles Trade Center Authority. Both authorities were established by Chapter 1508 of the Statutes of 1947 for the purpose of fostering and developing domestic and international trade for the benefit of the entire State. Since that time the San Francisco World Trade Center has been the recipient of substantial State assistance. We believe that the State should support a world trade center in Los Angeles, consistent with the status of the Port of Los Angeles as the largest harbor on the West Coast and the third largest in the nation.

11. State support of the San Francisco Port Authority.

The San Francisco Port Authority is the beneficiary of several advantages provided by the State which are not extended to the Port of Los Angeles or other harbors in the Southern California area. The State Harbors and Navigation Code exempts the San Francisco authority from any taxation or franchises. ~~Three~~ years ago \$60 million in State general obligation bonds was issued for the benefit of the San Francisco port. Although the intent is to retire the bonds from port revenues, the State is obligated to make up any deficiency which may arise. Furthermore, marketing general obligation bonds in this

manner utilizes the credit of the City of Los Angeles, as well as the remainder of the State, to the special benefit of the San Francisco Port. The development of the Port of Los Angeles, on the other hand, has been supported by its own revenues and the issuance of bonds payable from revenues from port operations for the last 30 years.

12. Lack of sufficient intergovernmental immunity relative to the sales tax and other State collected taxes to which local governments receive either partial exemption or a portion of the funds collected.

The California Revenue and Taxation Code imposes a three per cent gross receipts tax on retailers for the privilege of selling tangible personal property. A one per cent sales tax may also be levied by local governmental units. The Code provides that this tax shall be collected from the consumer, in so far as it can be done. Although many exemptions have been created, all governmental units, except the federal government, are subject to the tax. The foregoing case illustrates the principle of intergovernmental immunity, which generally applies in federal-state relations but does not usually apply to state-local relations. Thus, the City pays three per cent sales tax on all applicable purchases made within the State; conversely the State pays only one per cent on purchases made within the City limits. We believe that further extension of the principle of intergovernmental immunity in cases such as these would save the City and State the problems of budgeting and collecting the funds and then redistributing them.

13. Inequitable distribution of State subventions to counties discriminates against the populous areas where these funds are collected in favor of the less populated, rural areas.

Of the few large counties in the State, both in population and property value, Los Angeles County pays the second highest per capita tax to the State, but is amongst the lowest group in terms of subventions from the State. The following figures clearly illustrate this fact.

County	STATE TAX COLLECTIONS 1960-61		SUBVENTIONS 1960-61		Subventions as a % of Tax Collections
	Total	Per Capita	Total	Per Capita	
Los Angeles	\$880,390,971	\$141.23	\$392,699,566	\$ 62.99	44.6
Alameda	130,282,521	138.64	65,189,710	69.37	50.0
San Diego	130,856,307	117.72	72,902,365	65.58	55.7
Orange	98,612,109	124.32	51,814,784	65.32	52.5
San Bernardino	60,198,797	116.06	41,423,554	79.86	68.8
Inyo	1,574,481	134.57	1,577,231	134.81	100.2
Lassen	1,565,971	113.48	2,015,718	146.07	128.7
Mono	355,153	147.98	674,123	280.88	189.8
Sierra	250,021	108.70	529,350	230.15	211.7
Trinity	993,125	105.65	1,412,754	150.29	142.3
Modoc	946,991	116.91	1,210,035	149.39	127.8

The diversion of State subventions from the metropolitan areas which face many problems of urban development and expansion to other areas places a great hardship on those areas which are most directly affected by the State's dynamic growth.

14. Inequity in subvention of the Motor Vehicle Fuel Fund results in favoring rural areas at the expense of cities.

All departments of City government pay over \$700,000 in Motor Vehicle Fuel Taxes. State records indicate that not all of the gas tax paid by the City is used for the direct benefit of City streets. An average return to Los Angeles County on the City's \$700,000 would amount to \$312,000, of which only a portion would directly benefit the City. This method of subvention favors the rural areas at the expense of the cities. In 1960-61 Los Angeles County allocated nearly 60 per cent of the street mileage in the County - all in unincorporated areas. This is another area in which the principle of intergovernmental immunity should be

applied. In addition, the limitations upon the specific purposes for which such funds may be used, should be eased to permit a more practical and economical approach to street maintenance problems.

15. Apparent overemphasis on Beaches and Parks funds in Northern over Southern California.

A review of State appropriations over the last several years indicates that substantial State assistance is being provided for projects in the northern part of the State. The City of Santa Cruz for example has received in excess of \$150,000 in State assistance during the last three years.

16. Inequitable distribution of Public Health local assistance funds.

The City of Los Angeles receives less than 3 per cent of State funds expended while having 15 per cent of the population of the State and a far larger percentage of the "total problem" in the State.

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